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High-level segment: Development Cooperation Forum**Trends and progress in international development cooperation****Report of the Secretary-General***Summary*

In accordance with General Assembly resolutions 61/16, 68/1, 70/192 and 70/299, the report is submitted by the Secretary-General for consideration by the Development Cooperation Forum, in advance of its sixth biennial high-level meeting in New York on 21 and 22 May 2018. The Forum has the mandate to review trends and progress in international development cooperation, engaging all stakeholders and encouraging coordination across diverse actors and activities. The report presents data, information and analysis across six areas: the strategic role of development cooperation in building sustainable and inclusive societies; supporting national sustainable development strategies, particularly through national development cooperation policies; bridging capacity gaps and facilitating technology development and transfer; leveraging South-South and triangular cooperation; engaging the private sector; and getting better results through strengthening multi-layered monitoring and review of development cooperation.¹

¹ The report is submitted less than 10 weeks before the meeting due to the change of meeting date.

I. Introduction

1. The Development Cooperation Forum (DCF) provides the global, multi-stakeholder platform for policy dialogue on development cooperation for the 2030 Agenda for Sustainable Development, building trust and leaving no one behind. The Forum reviews trends and progress in international development cooperation, encouraging coordination across diverse actors and activities. It emphasizes knowledge sharing and mutual learning for better results. Its outcome is concrete guidance on development cooperation for policy makers and practitioners at all levels. It directly contributes to the implementation, follow-up and review of the 2030 Agenda, including the Addis Ababa Action Agenda on Financing for Development (Addis Agenda).²

2. The Forum has helped shape the role of development cooperation in the 2030 Agenda. Since 2015, it has advanced a practical, holistic concept of development cooperation that encompasses financial resources, capacity building, technology development and transfer, policy change and multi-stakeholder partnerships.³ This conceptual framing produced through the Forum has gained wide recognition, stimulating more productive knowledge sharing and learning and a stronger focus on results.

3. The Forum's 2016 high-level meeting laid bare the new realities of development cooperation and stressed the need for radical change in the way development actors think and act. The 2030 Agenda integrates economic, social and environmental dimensions and addresses the drivers of poverty and vulnerability. Its ambition, universality and integrated nature have brought new thinking to the entire development cooperation architecture, including the UN system. The Addis Agenda, with its multi-stakeholder framework to mobilize the means of implementation (MOI), has similarly spurred new thinking.

4. The present report offers data, information and analysis across six related areas, under the theme: "The strategic role of development cooperation in achieving the 2030 Agenda: building sustainable and inclusive societies". In this way, the report addresses the annual themes of the Economic and Social Council⁴ and High-level Political Forum⁵. It aims to inform their deliberations, while providing the main substantive input to the 2018 Development Cooperation Forum (DCF).

5. The report draws on a two-year preparatory process of analytical work and outreach, expert meetings and events.⁶ This includes the DCF Argentina High-level Symposium, organized by the UN Department of Economic and Social Affairs and the Argentine Government as an informal preparatory event for the 2018 Forum and the 2019 UN High-level Conference on South-South Cooperation. The report also draws on input from Member States that participated in the DCF Survey Exercise,

² A/RES/61/16, A/RES/68/1, A/RES/70/192, A/RES/70/299.

³ E/2016/65. UN (2016). *DCF Policy Brief No. 1*. Available from http://www.un.org/en/ecosoc/newfunct/pdf15/2016_dcf_policy_brief_no.1.pdf

⁴ "From global to local: supporting sustainable and resilient societies in urban and rural communities"

⁵ "Transformation towards sustainable and resilient societies"

⁶ Input was also provided by UN system entities, particularly ESCAP, ESCWA, FAO, ITU, OHRLS, OSA, OSSC, UNDESA, UNDP, UNESCO, UNICEF, UNIDO, UNISDR, UNWOMEN, WFP, as well as OECD and the DCF CSO Reference Group.

which aims to capture the state of play in effectiveness of development cooperation on the ground.⁷

II. The strategic role of development cooperation in the 2030 Agenda: building sustainable and resilient societies

6. The 2016 DCF called for putting into practice a transformative focus on sustainable development results, putting the ‘furthest behind first’ and adapting institutions and policies in support of priorities and systems in developing countries. The Forum also gave strong policy guidance on the role of development cooperation in supporting the poorest and most vulnerable countries and people. It highlighted, among other measures, the need to meet existing commitments to Official Development Assistance (ODA), while improving its allocation and effective use.⁸

7. According to the latest report of the Inter-Agency Task Force on Financing for Development (IATF), international public finance has increased since 2015, and efforts continue to increase its quality and effectiveness, including ODA, lending by multilateral development banks and South-South cooperation.⁹ The report also identified changing allocation patterns, in the face of the challenging geopolitical environment, with increased focus on climate challenges and humanitarian crises. Addressing these priorities is fully aligned with the 2030 Agenda. Indeed, further increases in quantity and quality are needed in climate finance, humanitarian financing and disaster risk reduction financing. Yet, the allocation trends risk creating development funding gaps in countries most in need of support and in areas critical to building sustainable and resilient societies. This section considers these trends to identify how development cooperation must further orient to effectively support vulnerable countries and communities, as their development is crucial to the timely realization of the 2030 Agenda.

8. More ODA should be mobilized and targeted to countries with least resources and weakest capacities, in line with the 2030 Agenda. ODA continues to play a distinct and vital role, especially in the most vulnerable countries.¹⁰ The 10.7 per cent increase of ODA in real terms in 2016 amounted to USD 145.7 billion. Excluding in-donor refugee costs, ODA rose by 8.6 per cent in real terms.¹¹ Only six countries met or exceeded the UN target of 0.7 per cent of gross national income (GNI); on average, Organisation for Economic Cooperation and Development/Development Assistance

⁷ Hereafter, ‘2018 DCF Survey’. An independent study on the survey findings and recommendations will be available for the 2018 Forum. Responses come from 58 developing country governments and are kept anonymous. The present report draws on the preliminary findings.

⁸ E/2017/76.

⁹ Financing for Development: Progress and Prospects (2018). *Report of the Inter-Agency Task Force on Financing for Development, Advanced Unedited Version*. Available from <https://developmentfinance.un.org/advance-unedited-version-2018-iatf-report>. Hereafter, ‘2018 IATF Report’. 2017 figures for ODA are not available at the time of writing.

¹⁰ See UN Committee for Development Policy Paper, José Antonio Alonso, *Development cooperation to ensure that none be left behind*. Available from <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-2018-Summary-LNOB.pdf>

¹¹ For a civil society perspective, see Concord Aid Watch 2017. Available from https://concordeurope.org/wp-content/uploads/2017/10/CONCORD_AidWatch_Report_2017_web.pdf?1fdb40&1fdb40&7c2b17&7c2b17

Committee (OECD/DAC) donors fell short of the target, providing 0.32 per cent. In 2016, countries met on average their Addis Agenda commitment to reverse the decline of ODA to Least Developed Countries (LDCs). In the medium term, however, the trend of ODA to LDCs remains stagnant. In 2016, six donors provided 0.15 per cent of GNI as ODA to LDCs, with five exceeding the 0.20 per cent target. Yet, for nine OECD/DAC members ODA to LDCs decreased from 2015 to 2016. ODA to Small Island Development States (SIDS) increased significantly from USD 5.1 billion in 2015 to 7.1 billion in 2016, driven by Spain's restructuring of Cuba's debt.

9. Sectoral shifts in ODA allocation may have disproportionate effects on vulnerable population groups and countries, where funding of social programmes is dependent on ODA. While investments in economic sectors, humanitarian aid and in-donor refugee costs have risen steadily between 2010 and 2015, those in social sectors have been on the decline.¹² As one example, the Global Education Monitoring report demonstrates insufficient targeting of ODA allocation to countries most in need of basic education, amidst a decline in ODA to basic education spending since 2010. It suggests taking the out-of-school population as a rough proxy to estimate the financing needs, addressing the financing gap in basic education and to better target ODA to those furthest behind.¹³

10. Development cooperation should further support the integration of gender equality concerns into national planning and budgetary processes. Gender-based discrimination hampers sustainable development and heightens countries' vulnerability to shocks. The adoption of "whole-of-government" approaches provides new impetus to mainstreaming gender equality in national development strategies and instruments and into all stages of policy making, budgeting and service delivery cycles.

11. Countries need capacity support to better address the needs of vulnerable groups, including indigenous peoples and those with disabilities, to secure their basic human rights and ensure inclusive sustainable development. To this end, some partnerships among development cooperation agencies, private sector, civil society and indigenous communities are proving effective, such as the Tenure Facility advancing collective tenure of land and forests¹⁴ and the EU-UN Spotlight Initiative, launched in September 2017, implementing comprehensive programmes to eliminate all forms of violence against women and girls.

12. Development cooperation needs to become 'disaster risk-informed', so it is not lost to disasters and reduces rather than contributes to risks. The UN system committed to advance harmonized application of risk and resilience across sustainable development, humanitarian, peace and security and human rights efforts, with its 2017 Analytical Framework on Risk and Resilience.¹⁵ More systematic assessment of the use of disaster risk in development planning can help identify gaps. One example is an OECD/DAC marker for tracking disaster risk reduction mainstreaming in development cooperation, starting in 2019. Such assessment should also inform resource allocation among ex-post assistance and ex-ante instruments

¹² OECD (2017). *DAC Data Report*. Page 151. Available from

<http://www.oecd.org/dac/development-co-operation-report-20147721.htm>

¹³ UNESCO GEM Report. (2017). *Aid to education is stagnating and not going to countries most in need*. Available from: <http://unesdoc.unesco.org/images/0024/002495/249568e.pdf>

¹⁴ Projects of the Tenure Facility, for example in Liberia and Indonesia. Available from <http://thetenurefacility.org/about-us/advisory-group-members-2-2/>

¹⁵ CEB/2017/6.

(like insurance-type mechanisms and pooled funds) to increase speed, efficiency and effectiveness of responses.

13. The contribution of development cooperation in climate actions needs to be further strengthened and more deliberately targeted at those furthest behind. Climate change has differentiated impact on countries and individuals: those furthest behind tend to be hardest hit, with women often suffering disproportionately.¹⁶ The increased focus of climate financing on adaptation in 2017 is welcome.¹⁷ Support to capacity building provided to LDCs and SIDS needs to be stepped up to facilitate preparation and submission of bankable proposals. In particular, LDCs and other countries with special needs will require increased investment in ‘adaptive social safety nets’ to strengthen households’ coping capacity, and allow for better, more targeted responses to disasters.

14. Building resilience and sustainability requires well-tailored support, based on countries’ needs. The 2018 IATF Report examines challenges related to graduation from concessional financing windows faced by LDCs and many other small and vulnerable countries, including some with relatively high levels of per capita income yet extreme vulnerability to external shocks. It encourages additional flexibilities, building on existing exceptions made by the multilateral development banks. It calls more broadly for additional support to countries as they manage transitions between different sources of development finance.

15. Progress to strengthen country ownership and leadership and align support with country priorities must be secured and advanced. Recent years show a fall in Country Programmable Aid (CPA), the share of ODA that countries can programme and over which recipients have a significant say. Less ODA is provided in the form of budget support or pooled funding and a greater proportion is now non-transfer ODA (e.g. the hosting and processing of refugees, administrative costs, humanitarian aid).¹⁸ Moreover, tied aid still makes up a significant share of bilateral aid.¹⁹ Continued fragmentation of ODA is detrimental, impeding countries’ long-term planning and programming, and should therefore be addressed.

16. Transformative and sustained progress for peoples, planet, prosperity and peace will require implementation of the 2030 Agenda that works in tandem with the Addis Agenda, Paris Agreement for Climate Change, Sendai Framework for Disaster Risk Reduction and the New Urban Agenda. Development cooperation should continue to support developing countries in aligning the different context-specific agendas and programmes of action as well as regional plans with the 2030 Agenda. This will help to build synergies, reduce duplication of efforts, increase effectiveness and strengthen development impact. A prominent example of this is the support to African countries to integrate the goals and targets of the 2030 Agenda and African Union Agenda 2063 into their national development frameworks. This was reinforced in January 2018 by the adoption of the AU-UN Framework to accelerate the integrated and coordinated

¹⁶ CEDAW/C/GC/37, Advance Unedited Version.

¹⁷ ODI (2018). *10 Things to know about Climate Finance in 2017*. Available from <https://www.odi.org/sites/odi.org.uk/files/resource-documents/12097.pdf>

¹⁸ 2018 IATF Report.

¹⁹ Eurodad (2017). *Unraveling tied aid*. Available from aid <http://www.eurodad.org/files/pdf/1546810-unravelling-tied-aid-1516803666.pdf>

implementation, monitoring and reporting of the two agendas, through joint activities and programmes.²⁰

Action points:

- Close monitoring is needed of current allocation trends, which risk creating funding gaps for long-term investment in development for countries in special situations and in areas critical to building inclusive, sustainable and resilient societies.
- Sectoral shifts in ODA allocation may have disproportionate effects on vulnerable countries and population groups and should likewise be closely monitored.
- Development cooperation should support whole-of-government approaches that integrate gender equality concerns more effectively into national planning and budgetary processes.
- Development cooperation needs to become more ‘disaster-risk-informed’, supporting efforts to move from managing disasters to effectively managing and reducing risk and enhancing preparedness. This includes enhancing access to risk transfer mechanisms for vulnerable countries.
- Development cooperation’s contribution in climate actions needs to be strengthened and targeted at those furthest behind, including increased investment in adaptive social safety nets. Improved speed, predictability and accessibility of climate financing will help especially LDCs and SIDS to better navigate this complex financing landscape. Increased capacity support is needed to facilitate preparation and submission of bankable proposals for countries with special development needs.
- Building resilience and sustainability requires support that is well-tailored to countries’ development needs, with additional support to vulnerable countries managing transitions between different sources of development financing.
- More progress is needed in strengthening country ownership and alignment with country priorities, through various measures, including reversing the declining trends in CPA and budget support, reducing tied aid and addressing fragmentation of ODA.

III. Development cooperation to support national sustainable development strategies: the role of national development cooperation policies

17. The 2016 DCF provided space to exchange knowledge, information and best practices among diverse development cooperation actors undertaking a range of policy and institutional reforms in line with the 2030 Agenda. It stressed that these adaptation processes should also serve to enhance alignment of interventions with the development priorities of developing countries. This section provides a concrete example, evaluating how developing

²⁰ Available from <https://www.uneca.org/stories/un-au-leaders-sign-framework-implementation-agenda-2063-and-2030-agenda-sustainable>

countries are evolving their national development cooperation policies (NDCPs) beyond ODA.

18. NDCPs are a tool for developing countries to mobilize and align international support with their sustainable development priorities. Some countries' NDCPs also reflect their development cooperation with other developing countries. In support of the Sustainable Development Goals (SDGs), NDCPs can provide a unified vision for development cooperation in its diverse forms, financial and non-financial, public and private. An NDCP may be a stand-alone document or part of a national action or development plan. The 2018 DCF Survey probes best practice and capacity development needs in the design, implementation and monitoring of national development cooperation policies, as well as other enablers for effective development cooperation.²¹ Fifty-eight developing countries participated.

19. Developing countries are creating or adapting their NDCPs to reflect the 2030 Agenda. Sixty-seven per cent of the responding countries had an NDCP in place. Countries lacking NDCPs typically had a policy pending approval or planned to finalize one within 12 months (9 countries).²² Seventy per cent of countries with both an NDCP and a national development strategy reported these policies were closely aligned. Sixty-four per cent of countries stated their NDCPs addressed the 2030 Agenda; all remaining countries planned to adapt their policies accordingly.

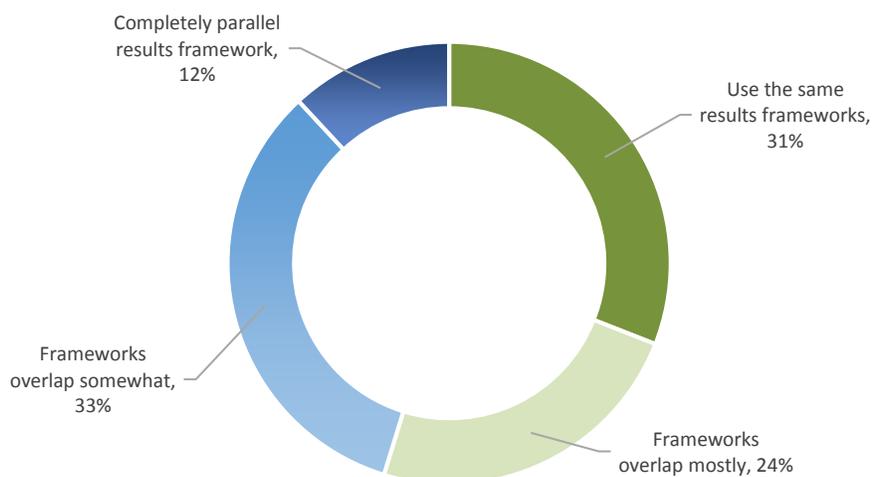
20. NDCPs that clearly articulate priorities and targets can provide partners with greater understanding of countries' needs and facilitate use of country systems. At the level of development programs and projects, country-led results frameworks should provide a central reference point between governments and their partners to ensure that development efforts are aligned with national development strategies. Countries need capacity in terms of systems, financing and human resources to design and promote the use of robust country results frameworks in which all partners can have confidence. Sixty-nine per cent of the 39 countries with NDCPs had provisions on the use of country results frameworks. Thirty-three per cent of countries responded their development partners use somewhat overlapping results frameworks, and 12 per cent completely parallel systems (Figure 1).²³

Figure 1
Use of country-led results frameworks

²¹ See section I.

²² Only three countries expressed lacking the capacity to develop a policy, while two countries shared there was no demand.

²³ See also the monitoring exercise of the Global Partnership for Effective Development Cooperation that considers ten indicators to track progress, including the use of country-led results frameworks.

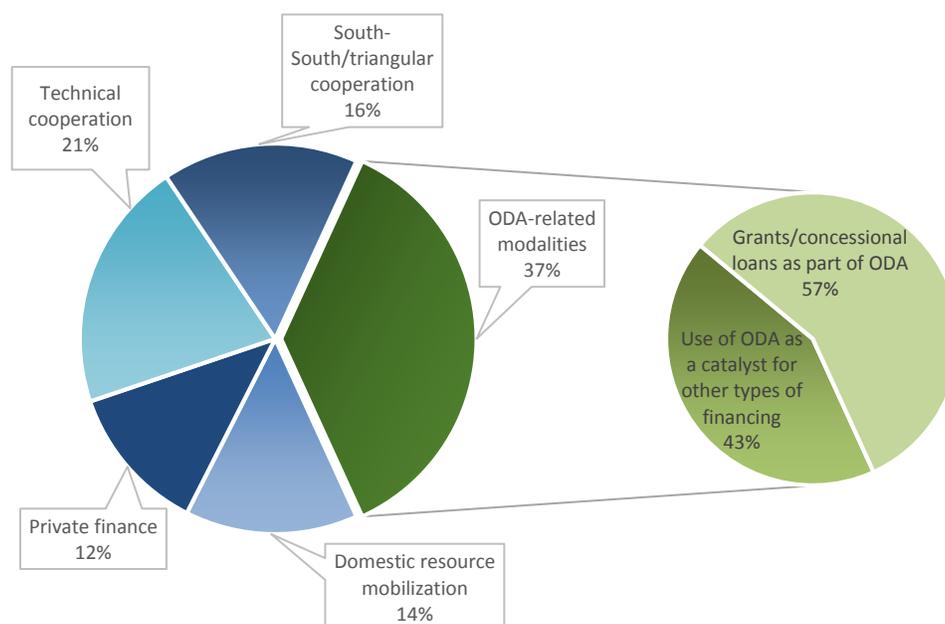


Source: UNDESA.

21. Effectiveness of NDCPs could be strengthened, through clear articulation of specific targets and mechanisms to monitor and evaluate progress in their implementation. Most developing countries responding to the survey felt the specific targets in their NDCPs were relevant (82 per cent), covering relevant sectors (62 per cent). Fifty-four per cent saw them as quantifiable and measurable. NDCPs contained primarily targets for government and its ministries (92 per cent) and all international development cooperation partners collectively (64 per cent), rather than individual partners (33 per cent). One third of countries reported having conducted an independent evaluation of their international development cooperation in the past year.

22. NDCPs increasingly go beyond ODA; they should be further utilized to mobilize and align development cooperation with national priorities. Figure 2 shows relative coverage of different modalities in NDCPs. Eighty-two per cent of respondents reported their NDCPs addressed both grants/concessional loans (part of ODA) and technical cooperation and other capacity building. Sixty-four per cent on average had provisions for South-South and triangular cooperation. Around 49 per cent of the NDCPs addressed private finance and 56 per cent domestic resource mobilization strategies. NDCPs should make clear linkages with domestic resource mobilization strategies. Where appropriate, they should provide a framework for context-specific plans to catalyse more private capital for sustainable development financing.

Figure 2
Relative coverage of different modalities in NDCPs



Source: UNDESA.

Note: Respondents were able to select a number of different modalities covered in their NDCPs. Countries with an NDCP in place selected in sum 154 modalities. The percentage refers to the proportion of these total selections by modality.

23. NDCPs can give new impetus to efforts to improve policy coherence for development. Sixty-two per cent of survey respondents identified policy coherence as an important aspect of their NDCPs. NDCPs can help to advance the focus of policy coherence for development on donor policies that might conflict with development objectives. They increasingly embrace the 2030 Agenda’s vision of policy coherence for sustainable development, which calls upon all countries to adopt policies that contribute to sustainable development in all its dimensions.

24. NDCPs can support inclusive whole-of-government and whole-of society approaches, including youth and marginalized groups, and with a vital role for parliamentarians. In the design of NDCPs, respondents reported mainly consulting government ministries (95 per cent), followed by international development cooperation partners (87 per cent) and non-governmental/civil society organizations (76 per cent). Fifty-five per cent of policies require government to submit a progress report to parliament on implementation.

25. NDCPs will serve as an important driver of a more tailored and effective response of the UN development system on the ground. The UN development system is repositioning to better align and respond to the 2030 Agenda. A key element is a revitalized, strategic and results-oriented UN Development Assistance Framework, aimed at better capturing national priorities and outlining a clear UN response. NDCPs can help countries elaborate their priorities and needs in terms of external support, and calibrate a tailored system response through the UN Country Teams. An empowered and impartial Resident Coordinator can

facilitate this process, working closely with national governments, and benefiting from better support at UN regional and global levels.

Action points:

- Developing countries with NDCPs should align them with the 2030 Agenda.
- NDCPs should be used more to promote country leadership, use of country results frameworks and inclusive whole-of-government and whole-of-society approaches.
- Specific targets, regular monitoring and evaluation of progress, and respective responsibilities should be clearly articulated and anchored in NDCPs.
- Parliamentarians should be better enabled to play their vital oversight role in NDCP and related processes.
- NDCPs should make clear linkages with domestic resource mobilization strategies. Where appropriate, they should provide a framework for context-specific plans to catalyse more private capital for sustainable development financing.

IV. Bridging capacity gaps and facilitating technology development and transfer

26. At the 2016 DCF, developing countries identified large gaps in policy and institutional capacities in two areas, especially: domestic resource mobilization and data and statistics. Fast-tracking policy reforms in countries most in need requires understanding how the enabling international environment is shaping and responding to: (i) adaptation of institutions and systems to respond to the SDGs; and (ii) countries' specific policy-making and implementing capacities. This section takes this perspective in looking at the role of development cooperation in bridging capacity gaps in revenue mobilization and data and statistics and in facilitating technology development and transfer.

Domestic resource mobilization (DRM)

27. Development partners should further increase their capacity support for DRM focusing on countries with greatest needs. Countries have increased their funding in line with the Addis Agenda and with the complementary, voluntary Addis Tax Initiative, which commits its members to double their support for tax capacity building by 2020. ODA to DRM rose from USD 181 million, representing 0.15 per cent of OECD/DAC members' ODA commitments in 2015, to USD 288 million, or 0.23 per cent of commitments in 2016. Yet, these increases may not be sufficient and are concentrated in a few countries.²⁴ In many countries, the support falls short of the revenue level needed to achieve the SDGs.

28. Capacity building support needs to respond to countries' new demands, including those arising from more integrated approaches to financing for development. Countries need sustained support to put in place laws, policies and tax administrative infrastructure, and to participate in international tax norms and tax transparency standards. Other areas of need include strengthening countries' capacity to assess the impact of tax policies on efforts to

²⁴ 2018 IATF report. The large rise was predominantly the result of two very large projects initiated by a single donor.

reduce inequalities and building tax capacities at sub-national level in response to decentralisation. Movement towards integrated, whole-of-government approaches to revenue mobilisation and broader public engagement in this area is creating new capacity building demands: for instance, support to develop medium-term revenue strategies (MTRS).²⁵

Data and statistics

29. Development cooperation should cover funding gaps in capacity support for SDG statistics in countries most in need, ensuring priority statistical areas are addressed. To close the USD 685 million annual funding gap for SDG data collection in LDCs, ODA will need to increase by USD 200 million annually.²⁶ The share of ODA to statistics dropped significantly between 2013 and 2015 from 0.39 to 0.3 per cent of total ODA.²⁷ The top five donors provided 75 per cent of disbursements in 2015.²⁸ Figure 3 shows the regionally heterogeneous allocation of ODA to statistics in different areas across regions. In Africa, Asia and Latin America, most ODA is spent on ‘General statistical items and methodology’ (surveys and censuses). Across all regions, least funding is provided for ‘environment and multi-domain statistics’, followed by income and poverty statistics. In terms of statistical sources, capacity needs remain greatest in the area of administrative data. In many developing countries, capacities of national statistical offices remain low and insufficiently supported by legislative mandates, creating bottlenecks in statistical systems.

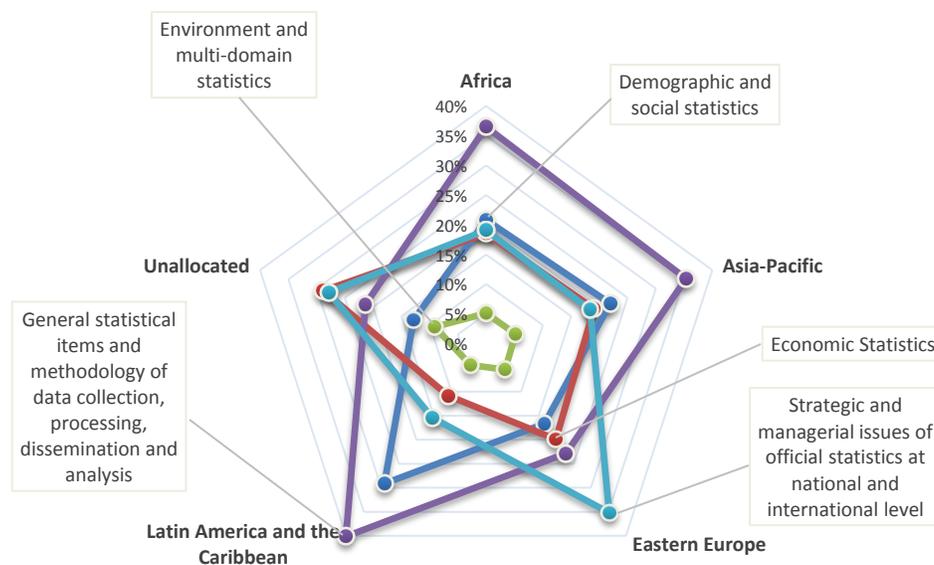
²⁵ To date, three countries have committed to develop MTRS. Such strategies are being stressed by the Platform for Collaboration on Tax (UN, IMF, World Bank, and OECD) as a building block of integrated national financing frameworks.

²⁶ PARIS21 (2017). *Partner Report on Support to Statistics*.

²⁷ A lower bound.

²⁸ Canada, AfDB, European Commission/Eurostat, UNFPA, World Bank.

Figure 3
Per cent allocation of ‘ODA to statistics’ to different areas, by region (2006-2015)



Source: UNDESA based on PARIS21 data (2017).

Note: Unallocated refers to disbursements that are not country-specific.

30. Development cooperation should support transformations in national data infrastructure and larger data ecosystems needed to meet the demands of the SDGs. National strategies for the development of statistics should aim to systematically strengthen coordination, collaboration and capacity within national statistical systems. This should also support engagement of a wider set of users and producers of data, beyond official sources. In this way, countries can efficiently integrate, for example, geospatial information, citizen-based and big data for use in monitoring development progress and targeting those furthest behind. The Cape Town Global Action Plan for Sustainable Development (CTGAP) provides a framework that engages governments, policy leaders and the international community to prioritize this needed modernization and strengthening of national statistical systems, in line with the 2030 Agenda.

Science, technology and innovation (STI)

31. Capacity building for STI helps to identify and scale up affordable solutions that are socially inclusive, environmentally friendly and address the needs of the poor. Especially countries with limited capacities, will need support to put in place broad-based, country-owned national science, technology and innovation (STI) strategies, policies. Initiatives such as the LDC Technology Bank will make an important contribution to strengthening STI capacities of LDCs. Multi-stakeholder global and regional platforms should be further utilized to share successful STI policies and strategies, explore new opportunities and

promote coordination and collaboration. In addition to the STI Forum at global level, examples include the Association of Southeast Asian Nations (ASEAN) Plan of Action on Science, Technology and Innovation 2016-2020 and the Southern African Development Community's Strategic Framework on STI 2015-2020, supported by UNESCO.

32. The expansion of South-South and triangular cooperation in the STI realm creates new opportunities. South-South cooperation should build on its strengths in adapting appropriate, affordable technologies and solutions to local contexts, helping countries generate and sustain their own knowledge.²⁹ Priority attention must be given to the long-term sustainability of South-South STI initiatives, including through mobilizing resources, scaling up successful demand-driven initiatives, and moving from projects to operations, within applicable legislative frameworks and capacity.

33. Successful STI policies rely on fully employing the talents of both women and men. To this point, UNESCO has developed a set of tools to monitor the progress of women in science, technology, engineering and mathematics.

Action points:

- More capacity support for DRM is needed in countries furthest from nationally defined revenue levels to achieve the SDGs, with also more attention to the subnational level.
- Development cooperation should respond to countries' move to more integrated approaches in national budget and revenue strategies.
- More attention should be paid to strengthening countries' capacities to assess the impact of different tax systems on efforts to reduce inequalities.
- Development cooperation should support countries to put in place broad-based, country-owned STI strategies and policies, with gender perspectives.
- South-South and triangular cooperation should be further deployed as frameworks for scaling up best practices, and fostering the development, transfer and adaptation of affordable STI solutions.
- Development cooperation should be increased to target funding to countries with the weakest capacities in statistics, ensuring attention to vital statistical areas.
- Supporting national strategies for the development of statistics, the CTGAP offers a framework for much needed modernization and strengthening of national statistical offices to reach the SDGs.

V. Leveraging South-South and triangular cooperation for sustainable development

34. The 2016 DCF highlighted the role of South-South cooperation (SSC) in reducing asymmetric access to development opportunities, responding directly to local demands.

²⁹ UN (2017). *Summary of the DCF Argentina Symposium*. Available from <https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/dcf/dcf-argentina-summary.pdf>. Hereafter, 'DCF Argentina Summary'.

This section identifies ongoing and innovative efforts to forge broad-based and structured South-South and triangular cooperation that supports sustainable development.³⁰

35. The 2030 Agenda and other major frameworks (Addis, Paris, Sendai) give new impetus to South-South and triangular cooperation. SSC continues to show steady expansion, diversification, and resilience. Recent years have seen the emergence of new actors, more inclusive partnership arrangements, and innovative modalities of development cooperation. This is strengthening development efforts at all levels to combat poverty and hunger, address climate change, support infrastructure development, and advance humanitarian assistance. There is a steady rise in inclusive, action-oriented policy dialogues at various levels. A growing number of Southern partners are designing systems and processes to assess the outcomes of their projects and programs. Developing countries together are giving heightened attention to the quality, effectiveness and contribution of their development cooperation to sustainable development.

36. The importance of SSC in localizing the 2030 Agenda and related agreements should be more widely recognized, as a complement to North-South cooperation. SSC is not intended to substitute for North-South cooperation, which remains a vital form of support for developing countries. Nor does the advance of SSC substitute for expedited progress in addressing systemic issues.

37. SSC reflects a plurality of approaches and diverse regional dynamics and perspectives. UNDESA tracks development cooperation trends in SSC in part by considering official concessional resources (concessional loans and grants, debt relief and technical cooperation) provided by developing countries for development purposes.³¹ This approach is in keeping with the conceptual framing of international development cooperation developed through the DCF.

38. Generating estimates of SSC remains complex and challenging, given SSC's emphasis on non-financial modalities and lack of comparability in definitions and categories used for reporting. For example, country practices in reporting indirect as well as direct costs of their projects differ, as do methodologies to calculate the grant element in official loans. Estimates of development cooperation from academic institutions or international organizations can differ from those of official sources, especially as they apply common frameworks ex-post to data originally collected for other purposes. Moreover, non-financial modalities significant in SSC – including capacity building, technology development and transfer, joint action for policy change and partnerships – are not easily quantifiable.

39. The proportion of developing countries providing development cooperation has increased from 63 to 74 per cent between 2015 and 2017, according to the 2017 UNDESA Survey of Programme Country Governments. Of the countries providing SSC, 84 per cent in 2017 reported exchanging information on STI.³² This trend shows the South-South and triangular landscape undergoing significant change, affecting not only the scope of development cooperation but the diversity of actors. Similarly, the survey showed a marked rise in the number of developing countries indicating the UN had undertaken activities to

³⁰ This section draws on input studies and policy briefs commissioned by UNDESA from the Foro Nacional Internacional.

³¹ Some Southern partners also consider non-concessional loans and commercial transactions in trade and investment as another distinct feature of their cooperation.

³² UN (2017). *Survey of Programme Country Governments*. Available from <https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2018doc/sgr2018-survey-report-pgc.pdf>

support South-South or triangular cooperation in their country, from 54 per cent of countries who reported providing SSC in 2015 to 84 per cent in 2017.

40. The characteristics of South-South and triangular cooperation are influencing the larger development landscape, contributing to the global partnership for sustainable development.³³ They are helping promote the shift from a narrow focus on financing to the broader partnership dimension and effective engagement of all stakeholders and means of implementation, stemming partly from their emphasis on non-financial cooperation. Progress in developing legal and institutional frameworks to foster effective multi-stakeholder approaches in South-South and triangular cooperation should be built upon.

41. Triangular cooperation initiatives integrate South-South principles into the project or programme design, in tandem with emphasis on mutual learning, the provision of knowledge, sharing of experiences and capacity building.³⁴ In some cases, Southern partners are using triangular partnerships to facilitate the scaling up of their SSC. Innovative arrangements on this front are also emerging from the UN system. For instance, the Rome-based UN agencies (FAO, IFAD, WFP) joined together to mainstream South-South and triangular cooperation, through their roadmap launched at the 2017 Global South-South Development Expo in Antalya, Turkey. The roadmap foresees joint activities, annual reports, operational collaboration and joint knowledge management, assessment, research, and monitoring and evaluation of their South-South and triangular cooperation.

42. Multilateral development banks (MDBs) are making a clear development cooperation impact in the South-South and triangular space.³⁵ MDBs are providing needed support to cross-border projects and initiatives that were often neglected due to complexities and risks associated with joint repayments. They are actively engaged in dialogues to harmonize and make compatible development policies and institutional reforms, and producing analytical and knowledge products that focus on developing country contexts and experiences. South-led MDBs have also demonstrated innovative approaches to governance structures that may contribute to effectiveness of development cooperation. For instance, both the Asian Infrastructure Investment Bank and New Development Bank have opted for streamlined operations through a non-resident board of directors, ensuring increased efficiency as loans are approved by management.

43. Developing countries are increasingly formalizing their collaborative arrangements and enhancing their institutional capacities to engage in development cooperation, with varying trends within and across regions. Institutions of SSC are proving instrumental in developing critical capacities, formulating policies and strategic plans, coordinating national and international stakeholders, undertaking analytical and assessment work and disseminating development cooperation data and information. Existing agencies are evolving and being reinforced, and new agencies established, including most recently the announcement of plans by the Government of the China to establish an Agency for International Development Cooperation, to consolidate development policies, coordination and operations.

³³ DCF Argentina Summary.

³⁴ UN (2017). *DCF Policy Brief No. 19*. Available from https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/DCF/brief%203_Triangular_cooperation_final_01_09_17.pdf

³⁵ UN (2017). *DCF Policy Brief No. 18*. Available from https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/DCF/brief_2_MDBs_final_final_010917.pdf

44. Structured and vibrant forms of development cooperation are emerging through inter-regional development cooperation mechanisms and frameworks. These arrangements provide high-level platforms for knowledge sharing and mutual learning among Southern partners, involving both State and non-State actors, including parliamentarians, civil society, local authorities, women and youth, as well as private sector. They can facilitate the formulation of coherent development strategies and cost-effective interventions, often covering many countries. These summits are increasingly becoming major avenues where resources are pledged, policies coordinated and major joint initiatives launched.³⁶

Action points:

- Raising the visibility of South-South and triangular cooperation, and further analysing their added value and long-term impact on sustainable development, would support implementation of the 2030 Agenda.
- SSC needs to further develop its institutions and exchanges, while preserving its strategic focus on promoting autonomy, resilience and structural change. National and regional experiences can be further codified and systematized and mainstreamed into national development plans.
- MDBs can and should play a greater role in supporting knowledge sharing and knowledge management networks for sustainable development in the South-South space.
- Upcoming high-level meetings on South-South and triangular cooperation can be used to advance broad-based, inclusive and structured cooperation, which is effective and aligned with national development plans, as well as the 2030 Agenda and other major global development frameworks.
- More exchanges are needed on how to leverage comparative advantages of different stakeholders in South-South and triangular cooperation and develop policy and legal frameworks applicable to them at the local, national, regional and global levels.

VI. Engaging the private sector in development cooperation

45. The 2016 DCF emphasized improving the evidence base on engaging the private sector in development cooperation, to bring a step change in knowledge sharing, learning and trust building in this area. This section looks at opportunities and challenges in the specific area of blended finance.

46. Development cooperation shows increasing attention to crowding-in, leveraging, or catalysing additional private financing in an effort to close the large gap in SDG infrastructure financing. Blended finance has much potential to support the 2030 Agenda. Yet, questions remain on the appropriate use and structuring of blended instruments, and implications for their development impact. The private sector may lack the incentives to secure accessibility and enhance affordability of services, and may not adequately consider social and environmental costs and benefits and human rights obligations.³⁷ Depending on the

³⁶ Upcoming summits include the Forum on China-Africa Cooperation, the India-Africa Forum Summit, the BRICS Summit, and the IBSA Summit.

³⁷ UN (2017). *Baseline Study on the Human Rights Impacts and Implications of Mega-Infrastructure Investment*. Available from

circumstances, other financing arrangements, including public finance, might be more cost effective and sustainable, especially in sectors or areas where equity considerations are prevalent.

47. Developing countries must play a central role in decisions on using ODA for blending finance for development, to ensure alignment with countries' priorities and strong country ownership, backed by broad-based participation. This is especially important, as current trends point to the possible risk that increased reliance on blended financing may divert concessional funding from social sectors and countries lagging most behind. Blending facilities and funds have primarily targeted sectors with a clear business case. There is less targeting of social sectors or other areas where alignment of public and private sectors is more difficult to achieve.³⁸ According to a 2016 OECD survey, only 7 per cent of private finance mobilized between 2012 and 2015 as a result of official development finance interventions went to projects in LDCs.³⁹ Mobilization of private financing by MDBs showed a similarly skewed distribution.⁴⁰ Accordingly, especially for countries with special needs, such as LDCs, more analysis is required to design financial instruments that respond to their unique situation. Both broader access to blended finance and capacity to manage it for the realization of the 2030 Agenda are critical for utilizing the potential of blended financing instruments.

48. Sequenced, coordinated and country-context specific responses are critical to assist LDCs, SIDS and other countries with special needs with expanding investment in sustainable development.⁴¹ Promoting public-private partnerships or investment agreements without a solid legal, regulatory framework and transparent fiscal accounting poses risks: prioritizing interests of investors over the populations involved, increasing costs and reducing coverage. As an intermediate step, development cooperation should assist countries to build an enabling investment climate, including an effective legal and regulatory framework, transparency and a stable, effective policy environment. Differentiated efforts would be needed to cater to the widely different needs of the various private sector actors, including micro-, small- and medium-sized enterprises. To this end, UNIDO's Programme for Country Partnership assists countries in identifying opportunities and bottlenecks for advancing inclusive and sustainable industrial development. Strengthening fundamentals will help attract development finance, combat illicit financial flows, create opportunities to develop local technologies and domestic capacities. This in turn creates policy space, including on how economic gains are distributed. Once markets have matured, development partners can gradually shift towards more direct support of private projects and programmes.

49. The relationship and inter-operability of different emerging principles for blended finance and public-private partnerships needs to be clarified. The Addis Agenda provides overarching principles for blended finance and public-private partnerships. Since its

http://www.ohchr.org/Documents/Issues/Development/DFI/MappingStudyontheHRRiskImplications_MegaInfrastructureInvestment.pdf

³⁸ OECD (2018). *Making Blended Finance Work for the SDGs*. Available from <http://dx.doi.org/10.1787/9789264288768-en> Blended finance focused on SDGs 1,6,7,8,9,11,13 and 17.

³⁹ OECD (2017) *Amounts Mobilised from the Private Sector by Official Development Finance Interventions*. Available from <https://live.oecd-ilibrary.org/docserver/8135abde-en.pdf?expires=1522267389&id=id&accname=guest&checksum=9C038195E25985C2C25039C17BE4E8FF>

⁴⁰ Financing for Development: Progress and Prospects (2017). *Report of the Inter-Agency Task Force on Financing for Development*, Available from https://developmentfinance.un.org/sites/developmentfinance.un.org/files/Report_IATF-2017.pdf.

⁴¹ Development Initiatives (2018). *The enabling environment for private sector development*. Available from http://devinit.org/wp-content/uploads/2018/03/the-enabling-environment-for-private-sector-development_discussion-paper.pdf

adoption, several sets of principles have been agreed on blended finance, such as the OECD/DAC principles for blended finance and the G-20 principles for the MDBs' strategy for crowding-in private sector finance. In 2017, a working group of development finance institutions and development banks updated principles and guidance for providing blended concessional finance. At present, it is not well understood how the different principles relate to the Addis Agenda principles for blended finance, to basic principles of effective development cooperation, or to the commitment of the 2030 Agenda to leave no one behind. The 2018 IATF report recommended that the Development Cooperation Forum or the Financing for Development Forum should serve as a universal platform to discuss the coordination and interoperability of the different principles.

50. Participation, transparency and accountability of key stakeholders and beneficiaries in all phases of programmes and projects needs to be strengthened and grievance mechanisms put in place or strengthened. Quality public consultation throughout the programme/project cycle can provide a more nuanced understanding of the development impact of blended finance. Appropriate cost-benefit-analysis and feasibility studies can enable upfront efforts to address or avoid possible negative outcomes.⁴² These should assess the different needs and multiple and intersecting disparities of women and girls, indigenous people, the young as well as elderly, persons with disabilities, minorities, migrants and other poor, marginalized or vulnerable groups, ensuring their full participation. Ex-ante assessments should be carried out and their results published, especially for long-term infrastructure investments where results are difficult to reverse. Specific mechanisms should be in place to anticipate and effectively address grievances from stakeholders.⁴³

Action points:

- States have an important role in strengthening the quantity and quality of private sector engagement in development cooperation, ensuring their activities have a sustainable development impact, and contribute to serving the needs of poor and vulnerable communities.
- Development cooperation should support developing countries to put in place regulations and dedicated policies that align private sector engagement with countries' priorities and the 2030 Agenda. Countries lagging furthest behind need capacity support most urgently as an interim step to mobilize and make effective use of blended finance.
- Development partners should engage governments and conduct quality public consultations with domestic stakeholders during all stages of programmes and projects.
- As use of blending increases, development partners should take steps to ensure that vulnerable countries do not see a fall of their overall share of international development finance, and that social sectors are not underfunded. Nor should the focus on catalysing private sector projects divert resources from efforts to support an enabling environment for private sector engagement, especially in countries with weak capacities.

⁴² Eurodad (2017). *Mixed messages: the rhetoric and the reality of using blended finance to leave no one behind*. Available from <http://eurodad.org/files/pdf/1546844-mixed-messages-the-rhetoric-and-the-reality-of-using-blended-finance-to-leave-no-one-behind--1511464491.pdf>

⁴³ IBON International (2017). *Primer on PPP*. Available from <http://iboninternational.org/sites/ibon/files/resources/II%20Primer%20on%20PPPs.pdf>

- The relationship and inter-operability of the different emerging principles for blended finance and public-private partnerships needs to be clarified by a UN platform such as the DCF.

VII. Improving development results through strengthening monitoring and review of development cooperation

51. The 2016 DCF underscored the collective responsibility of all stakeholders in the monitoring and review of progress towards development cooperation commitments, with emphasis on mutual learning for better development results and leaving no one behind. This section considers how different actors are engaging in these processes, presenting some knowledge gaps and areas for further action.

52. To improve results, monitoring and review needs to continue to evolve to capture the complex, multi-layered development cooperation of the SDG era. To adapt to the 2030 Agenda, mutual accountability and transparency will thus need to extend well beyond the relationship between developing country governments and international development cooperation partners. It will have to involve a wide range of actors and stakeholders, including national, local and regional government, multilateral organizations and development banks, the private sector, parliaments, audit institutions and civil society.

53. Further efforts on this front by developing countries can be guided by the 2030 Agenda and Addis Agenda and build on well-defined national development cooperation policies. Policies for financial MOI commitments⁴⁴ should be closely aligned with the broader DRM strategies, budgetary processes and data from comprehensive, timely and reliable development cooperation information systems. Sufficiently disaggregated data is needed to identify population groups most affected by multiple and intersecting disparities and discrimination. For example, greater efforts will be needed to set measurable and relevant targets for gender and to track budget allocations and expenditures against each development cooperation intervention.

54. Challenges remain in monitoring and review of progress towards the non-financial commitments. The non-financial MOI commitments of the SDGs⁴⁵, for example, are broad, in some cases not easily measurable. Beyond ODA, many address creating enabling environments. They also show clear inter-linkages among some of the global targets, like technology facilitation and capacity building. Here also, the role of the private sector and its engagement in 2030 Agenda needs to be better articulated. Another challenge is ensuring meaningful engagement of civil society in monitoring and review processes of development cooperation as advocates, overseers, implementers and facilitators for knowledge sharing.

55. Assessments by Southern partners of their own practices are taking shape, though further efforts are needed to improve transparency and strengthen accountability. Developing countries themselves should define the parameters for measuring their SSC. The demand for evidence on SSC and its impact was already pointed to in the 1978 Buenos Aires Plan of Action.⁴⁶ The more recent consensus for assessment and evaluation as part of regular

⁴⁴ [A/RES/70/1](#). 17.2, 17.3, 17.4, (finance-related MOI's in other SDGs) 1a.,3c.,8a, 10b, 11e,13a,15a-b.

⁴⁵ [A/RES/70/1](#). (technology) 17.6-17.8, (capacity building) 17.9, (policy and institutional coherence) 17.15, (multi-stakeholder partnerships) 17.16-17.17.

⁴⁶ UN (1978). *Buenos Aires Plan of Action*. Recommendations 3,4 and 5. Available from <https://www.unsouthsouth.org/library/policy-documents/>

practices has become more evident in multilateral fora and through country-led initiatives. A number of governments of the South are designing their assessment systems for their development cooperation, following different paths.⁴⁷ The evaluation experiences so far have tended to emphasize processes, covering activities and outputs, more than results and outcomes.⁴⁸ Despite scarcity of resources to support far-reaching evaluation, development cooperation agencies in the South are elaborating their own conceptual systems and methodological toolboxes to observe the specificity of their practices. SSC principles appear as a mainstay of approaches. This also shows in the manuals for the execution of South-South and triangular cooperation. There is little movement, beyond the Ibero-American countries, towards the establishment of a shared set of evaluation procedures and standards, which many governments of the South see as undesirable.⁴⁹

56. Parliamentarians and local governments should be empowered with capacities and resources to be autonomous in development cooperation oversight. Local governments are well positioned to assess the results of development interventions at the local level, including facilitating dialogue with stakeholders to scrutinize the effectiveness of service delivery. One example is Zambia, where the Constitution has been amended to capacitate its Parliament with a budget office and to oversee international development cooperation agreements before ratification.⁵⁰ Yet, current reporting of countries shows only around half of respondents (21 of 39 with NDCPs) enabling parliament in this oversight role.⁵¹

57. Systems and processes for monitoring and review of development cooperation at all levels should be linked in more cohesive and coherent ways. Regional monitoring mechanism, like the UN Monitoring Mechanism and African Peer Review Mechanism, can play a strengthened role. They can help connect at the national and global levels to facilitate peer learning and provide supplementary data on monitoring and review of progress towards development cooperation commitments.

58. Principles of effective development cooperation are driving the repositioning of the UN development system to better support implementation of the 2030 Agenda. The Secretary-General has put the effectiveness of the system's development cooperation at the centre of his proposals on repositioning the United Nations system to better respond to the 2030 Agenda, with emphasis on reinforcing national ownership; developing country-contextual responses; and ensuring the effective delivery of development results on the ground.

Action points:

- To improve results, monitoring and review needs to continue to evolve to capture the complex, multi-layered development cooperation of the SDG era. Mutual accountability and transparency needs to extend beyond the relationship between developing country governments and international development cooperation partners, to involve a wide range

⁴⁷ UN (2018). *DCF Policy Brief No. 20*. See also Arab Scorecard for Financing for Development E/ESCWA/EDID/2017/IG.2/5(Part I)

⁴⁸ Including the timely completion of planned activities on budget, CAITEC.

⁴⁹ Dialogues on South-South Cooperation. Available from <http://bricspolicycenter.org/homolog/publicacoes/interna/7248?tipo=BPC%20Paper>. See also UN DCF Argentina Summary.

⁵⁰ UN (2016). *Summary of DCF Side Event*. Available from <https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2016doc/summary-of-side-event-at-gpedc-hlm2.pdf>

⁵¹ 2018 DCF Survey.

of actors, stakeholders and beneficiaries. Challenges remain in monitoring and review of progress towards the non-financial commitments.

- It is important that Southern partners develop country-led systems to evaluate and assess the quality and impact of South-South and triangular cooperation programmes at various levels; and improve data collection, methodologies and statistics, bearing in mind the principles and characteristics of SSC.
- Parliamentarians and local governments should be empowered with capacities and resources to be autonomous in development cooperation oversight. The role of the private sector and its engagement in 2030 Agenda needs to be better articulated. Another challenge that remains is ensuring meaningful engagement of civil society in monitoring and review processes of development cooperation as advocates, overseers, implementers and facilitators for knowledge sharing.
- There is a need for greater accessibility to critical data on private sector engagement, not always available to LDCs. Development cooperation can support efforts to engage the private sector in co-designing, implementing and assessing the outcome of projects and in strengthening capacities of government institutions, parliamentarians and civil society to do the same.

VIII. Conclusion

59. Development cooperation is still in flux and needs to undergo fundamental change to fully realize its potential in supporting the implementation of the 2030 Agenda. Development cooperation done right holds tremendous promise to help achieve the SDGs. ODA, while limited within the overall scheme of means of implementation, will remain critical. For countries with limited capacities, it will remain a distinct and vital source of development finance. For many, ODA can serve in different ways as a powerful catalyst to engage other actors, such as the private sector, in development efforts. It can further help keep development cooperation firmly focused on targeting those furthest behind first.

60. Effective development cooperation can help to initiate the profound policy and programme integration required by the 2030 Agenda. It can facilitate inclusive cross-sector partnerships and provide capacity support for policy coherence for sustainable development. Capacity building in areas such as domestic resource mobilization and national data infrastructures and systems puts developing countries in the driver's seat. It empowers them to better identify and articulate their needs in national sustainable development strategies as well as national development cooperation policies. It thereby enables development partners to better target and tailor their support.

61. Development actors have to learn more, and more swiftly, how to operate and achieve results in an increasingly complex and diverse development cooperation system. This means embracing diversity, for instance by building more broad-based and structured South-South and triangular cooperation; expanding the space to bring the private sector in alignment with sustainable development; and strengthening engagement of various stakeholders, including civil society, parliamentarians, mayors and local authorities. It means facilitating more systematic knowledge exchange. It may also mean managing diversity by agreeing and adhering to shared targets and principles, for instance in the area of blended finance, to build synergies, while avoiding fragmentation and duplication of efforts. The 2018 DCF serves as an occasion to take

stock of the progress made in adjusting development cooperation in support of the 2030 Agenda and to identify areas where further action and research is needed to build sustainable and resilient societies.
